

# annual general meeting of shareholders 2016

supervisory board  
executive board

Randstad Holding nv  
March 31, 2016



# disclaimer & definitions

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad Holding and its operating companies, as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty, since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for personnel (including flexible personnel), achievement of cost savings, changes in the business mix, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. The quarterly results as presented in this press release are unaudited.

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**EBITA:** operating profit before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.

**organic growth** is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications.

**diluted EPS** is measured before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.

1. opening
2. review 2015
3. discharge of liability
4. composition executive board
5. composition supervisory board
6. shares
7. other corporate affairs
8. external auditor
9. any other business
10. closing

1. opening

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# review 2015 operational performance & strategy

# FY 2015: *strong operational performance*

Revenue of € 19,219 million; organic growth +6.2% (vs. 3.9% last year)

gross profit up 7%; Gross margin up 30 bp to 18.7%

Perm fees up 14%, now 10.6% of gross profit (vs. 9.8% last year)

Underlying EBITA of € 862 million (+22% organically); Organic FY ICR of 52%

FY 2015 EBITA margin of 4.5% (+40 bp YoY), in line with 4.4% - 4.6% guidance range

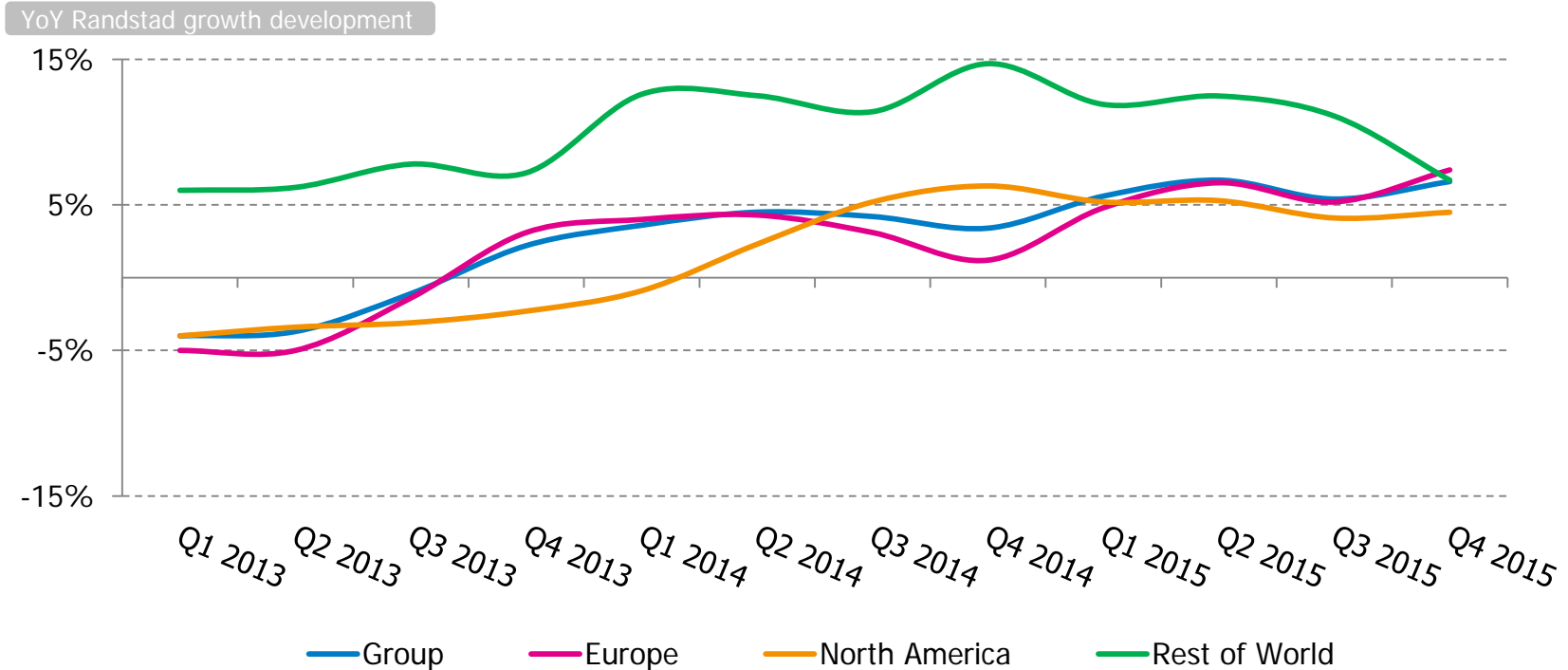
Adjusted net income up 32% to € 608 million; ROIC up to 18.8% (2014: 15.8%)

Underlying diluted EPS to € 3.32 per ordinary share (LY: € 2.54)

Proposed cash only dividend of € 1.68 (up 30%) a record high; 50% payout

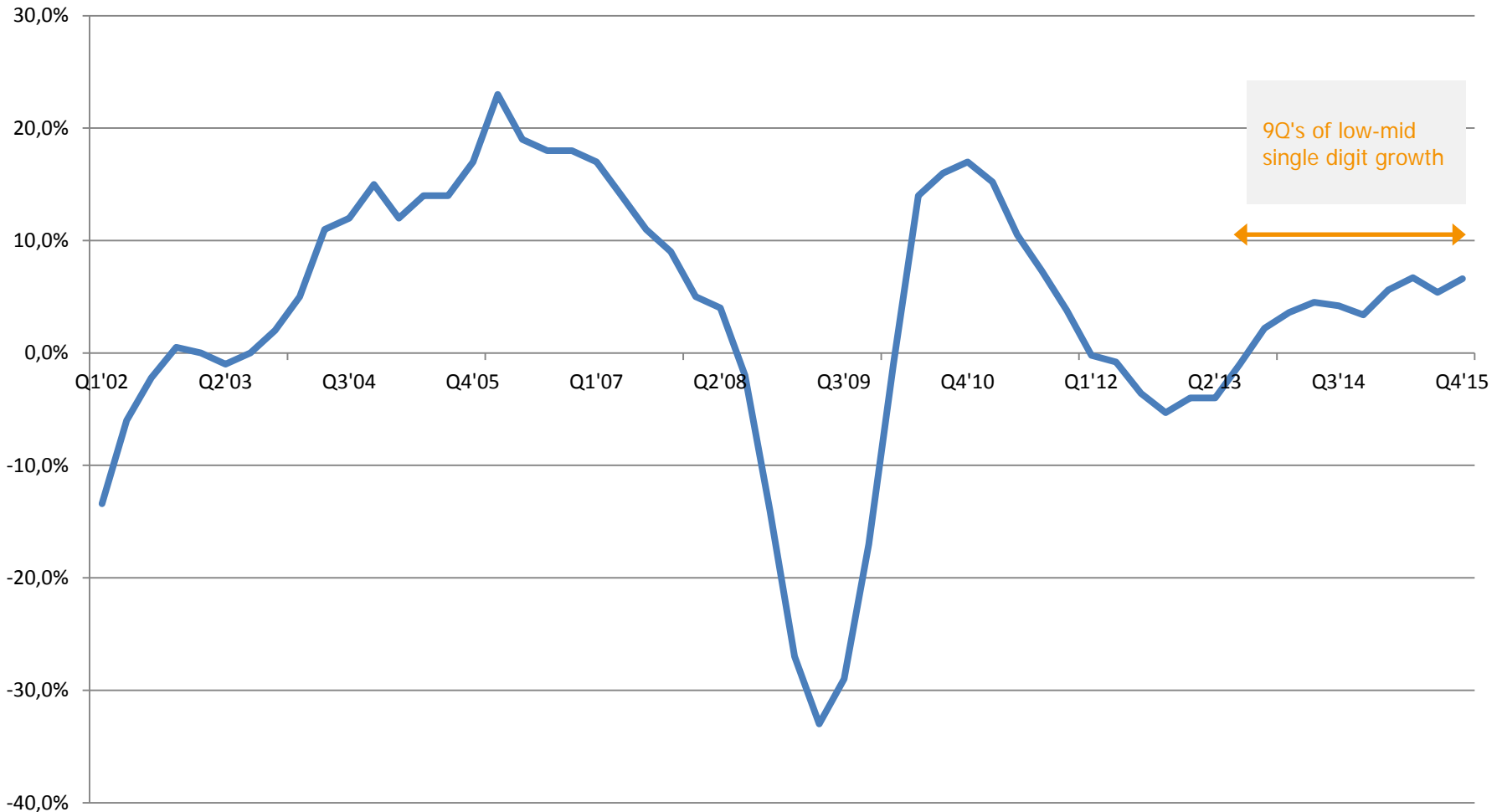
DSO improved to 50.7 (from 51.7 in Q4 2014); leverage ratio of 0.2 compared to 0.5 last year

# topline stable in most countries throughout 2015



- improving growth in many European countries over 2015; France accelerating ahead of market in second half, strong growth throughout the year in Netherlands, Italy & Spain
- stable growth in North America throughout 2015; above market US staffing performance and ahead of challenging Canada market
- growth in emerging markets held back by challenging markets conditions

# organic growth in a historical context



- consistent mid-single digit topline growth
- Europe still ~15/20% below peak
- USA above peak and still growing
- opportunity in EM remains



# North America: stable growth in US Staffing

revenue +5% (2014: +3%)

- perm up 10% (Q3: +9%)

- GP up 9% (2014: +5%)

US Staffing & Inhouse, revenue growth +7% (2014: +7%)

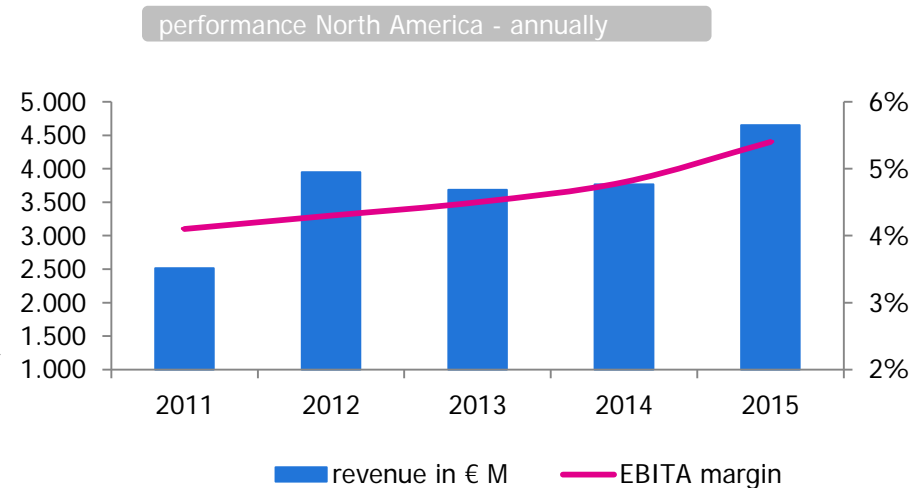
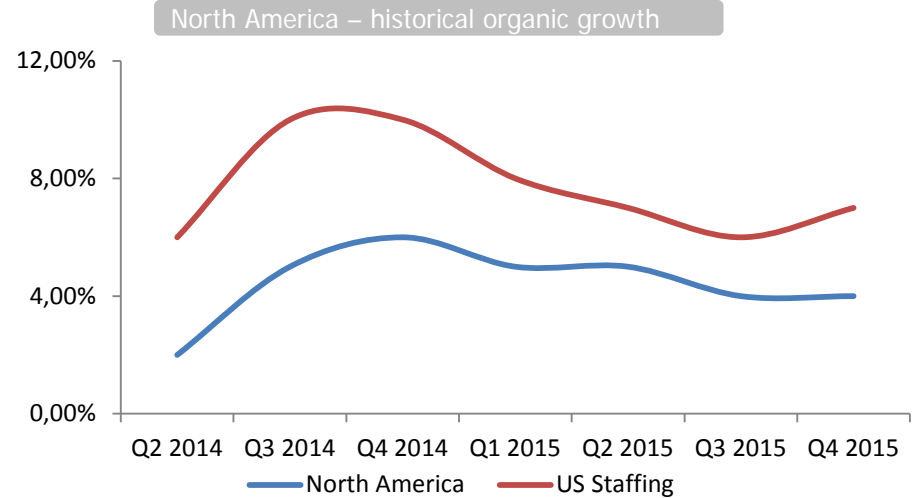
US Professionals, revenue growth 1% (2014: -/- 1%)

Randstad Sourceright: Spend under management +35% (2014: +44%)

Canada: revenue down 2% (2014: -/- 2%)

- ahead of a challenging market

EBITA margin up to 5.4% from 4.8% LY



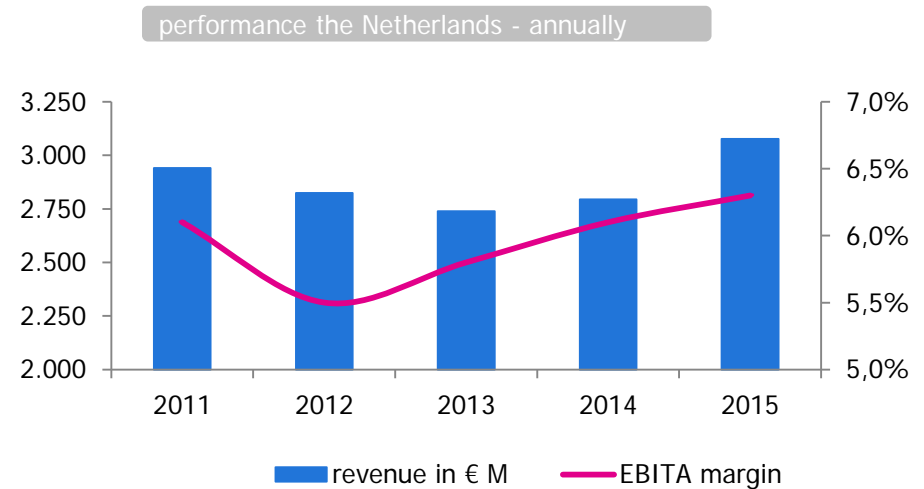
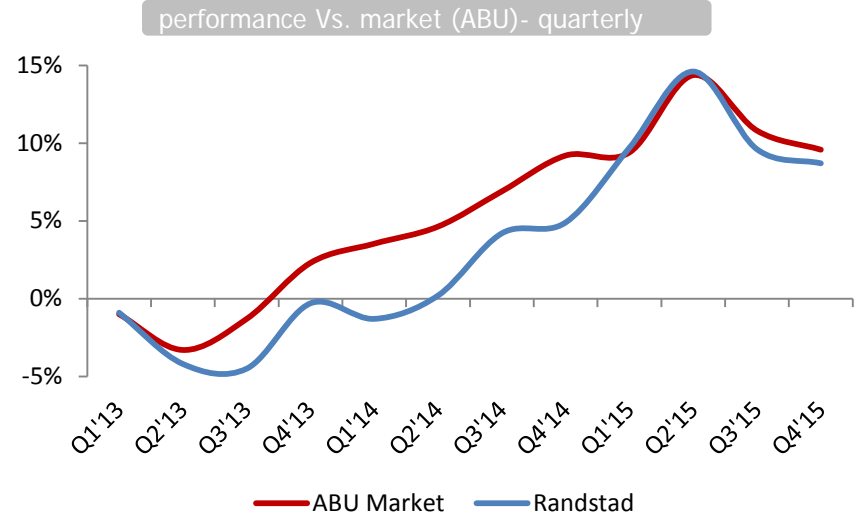
# the Netherlands: growth accelerated in 2015

revenue at +11% (2014: +2%)  
- perm growth at +17%

combined Staffing & Inhouse businesses  
- up 10% YoY

Professionals  
- up 17% (above the market)  
- vertical approach paying off

EBITA margin at 6.3% vs. 6.1% LY



# France: growth picked up through 2015

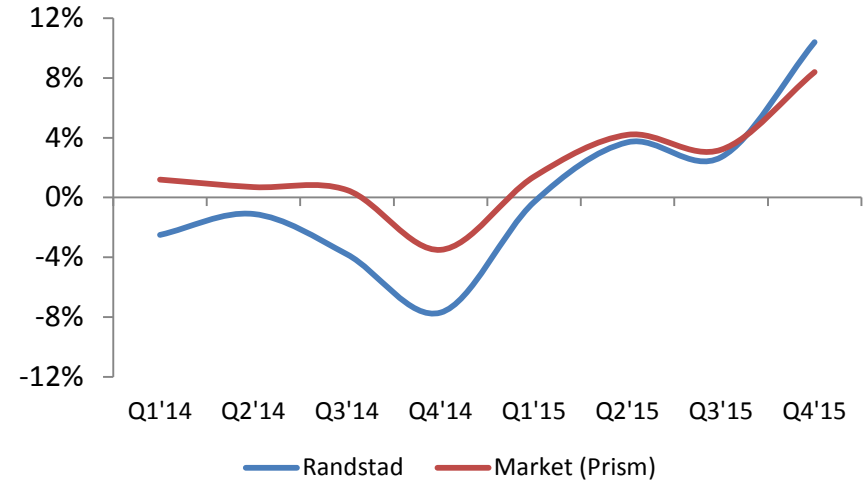
revenue up 4% YoY (2014: -/- 4%)

- combined Staffing & Inhouse at +4% YoY
- Professionals at +4% YoY
- perm grew 17%

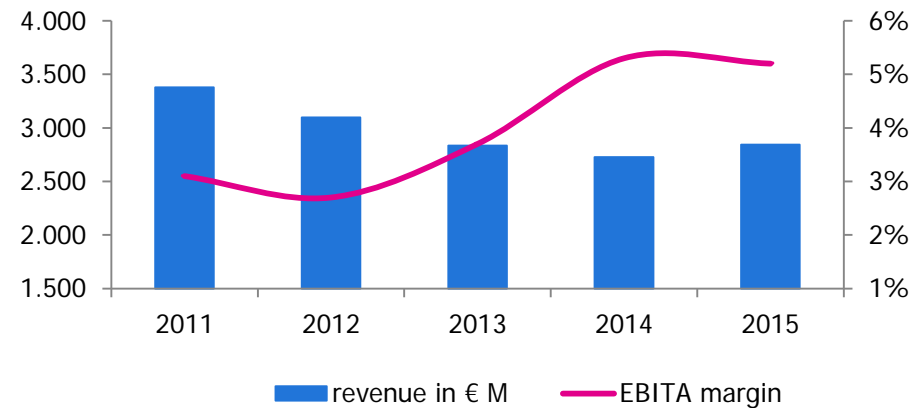
EBITA margin at 5.2% vs. 5.3% last year

- stable underlying trend

performance Vs. market (Prism)- quarterly



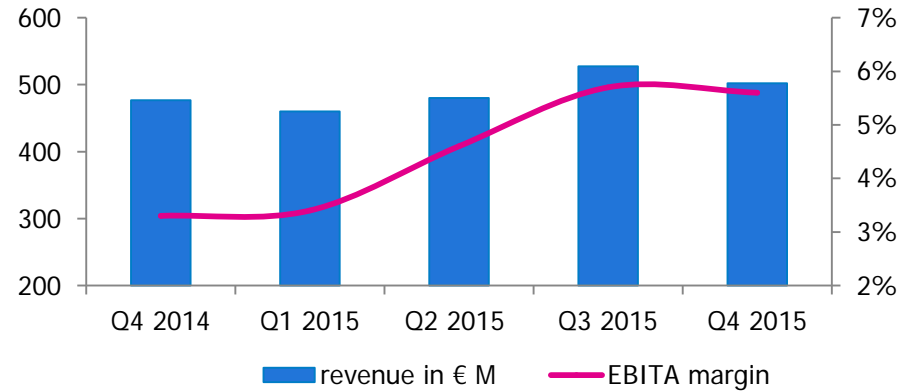
performance France – annually



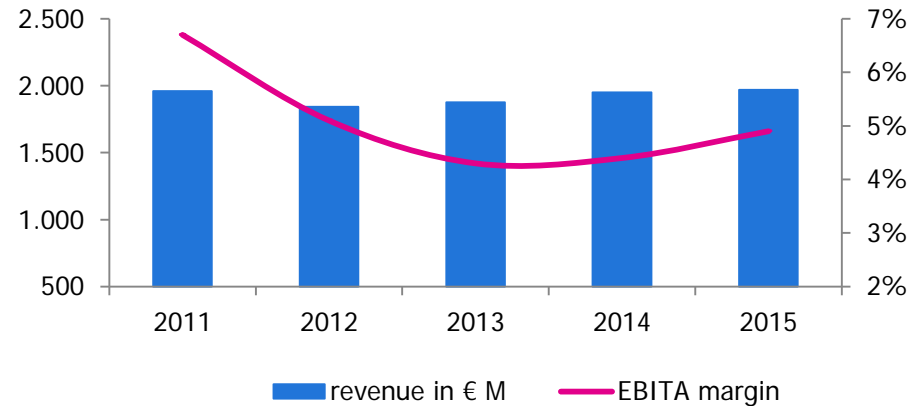
# Germany: improving profitability trend

- revenue growth flat YoY (2014: +4%)
  - perm growth of +28%
- gross profit up 2%
  - SME outgrowing large clients
- EBITA margin at 4.9% vs. 4.4% LY
  - strong operating leverage

EBITA margin performance Germany - quarterly



performance Germany - annually



# other countries: strong growth continues

## Belgium at +5%

- market leader
- record profitability

## Iberia + 10%

- market leader
- strong growth on improving margins

## UK flat YoY

- improving profitability

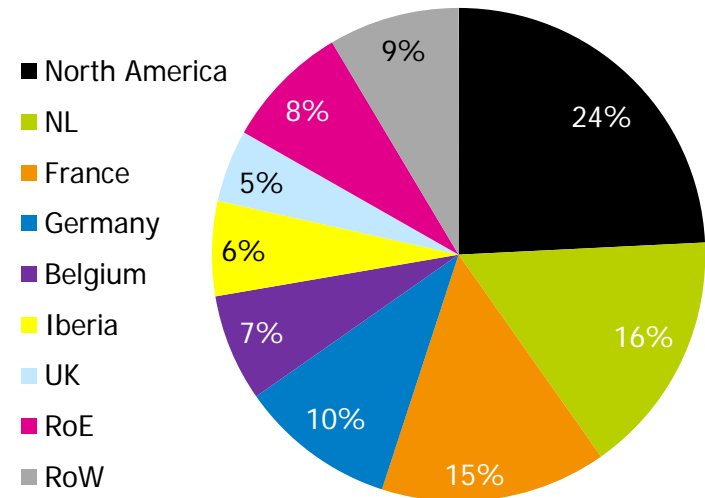
## Italy +17%

- focus on perm and professionals (+48%) paying off

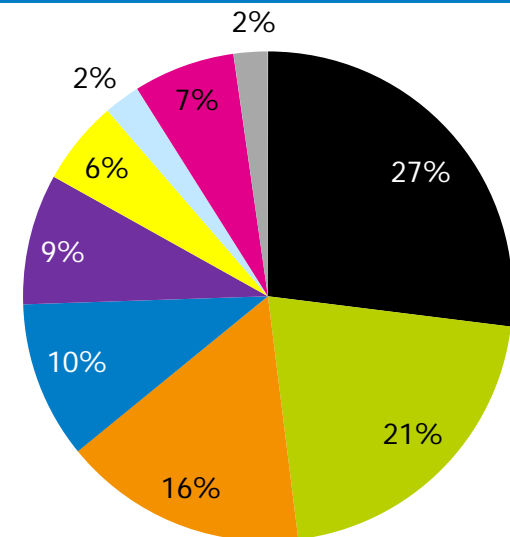
## Emerging Markets

- double digit growth in China continued into 2015
- Argentina & Chile delivering profitable growth

## revenue breakdown by geographical areas



## EBITA breakdown



# strategic roadmap – 2015 progress

driven by best people, strong concepts, excellent execution and superior brands

## Our strategy

Randstad core values: to know, save and trust, striving for perfection and the simultaneous promotion of all interests

### structural growth drivers

- flexibility & outsourcing
- demographics
- clients look for a total offering
- regulation

### strategic building blocks

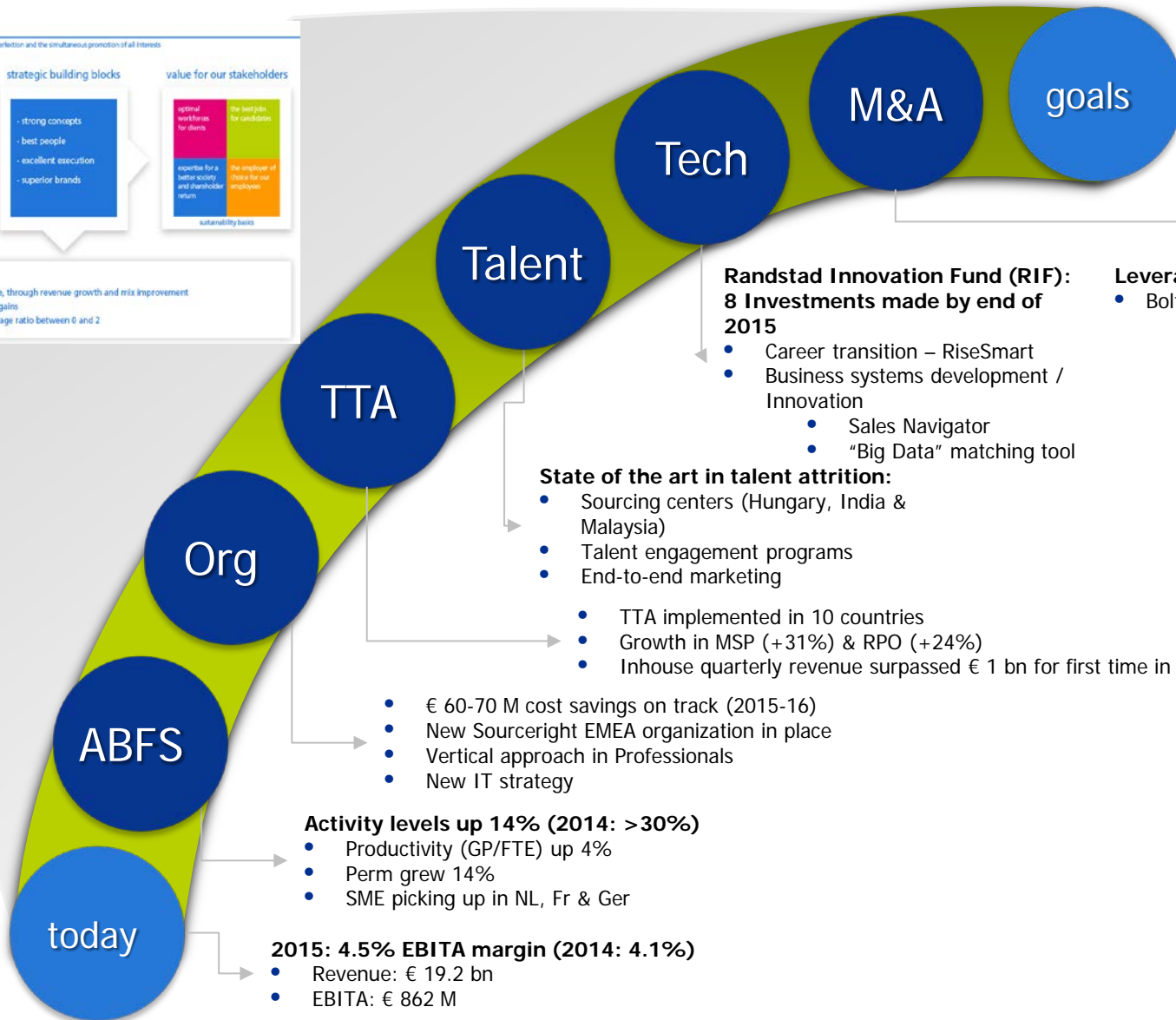
- strong concepts
- best people
- excellent execution
- superior brands

### value for our stakeholders

- optimal workforces for clients
  - the best jobs for candidates
  - expertise for a better society and shareholder return
  - an employer of choice for our employees
- sustainability basis

### financial targets

- EBITA margin of 5% to 6% over time, through revenue growth and mix improvement
- continuous profitable market share gains
- sound financial position with a leverage ratio between 0 and 2



## shape the world of work

- optimal workforces for clients
- the best jobs for candidates

## grow to 5-6% EBITA

- profitable growth
- improve margin
- increase productivity

### Randstad Innovation Fund (RIF): 8 Investments made by end of 2015

- Career transition – RiseSmart
- Business systems development / Innovation
  - Sales Navigator
  - “Big Data” matching tool

### State of the art in talent attrition:

- Sourcing centers (Hungary, India & Malaysia)
- Talent engagement programs
- End-to-end marketing

- TTA implemented in 10 countries
- Growth in MSP (+31%) & RPO (+24%)
- Inhouse quarterly revenue surpassed € 1 bn for first time in Q2'15

- € 60-70 M cost savings on track (2015-16)
- New Sourceright EMEA organization in place
- Vertical approach in Professionals
- New IT strategy

### Activity levels up 14% (2014: >30%)

- Productivity (GP/FTE) up 4%
- Perm grew 14%
- SME picking up in NL, Fr & Ger

### 2015: 4.5% EBITA margin (2014: 4.1%)

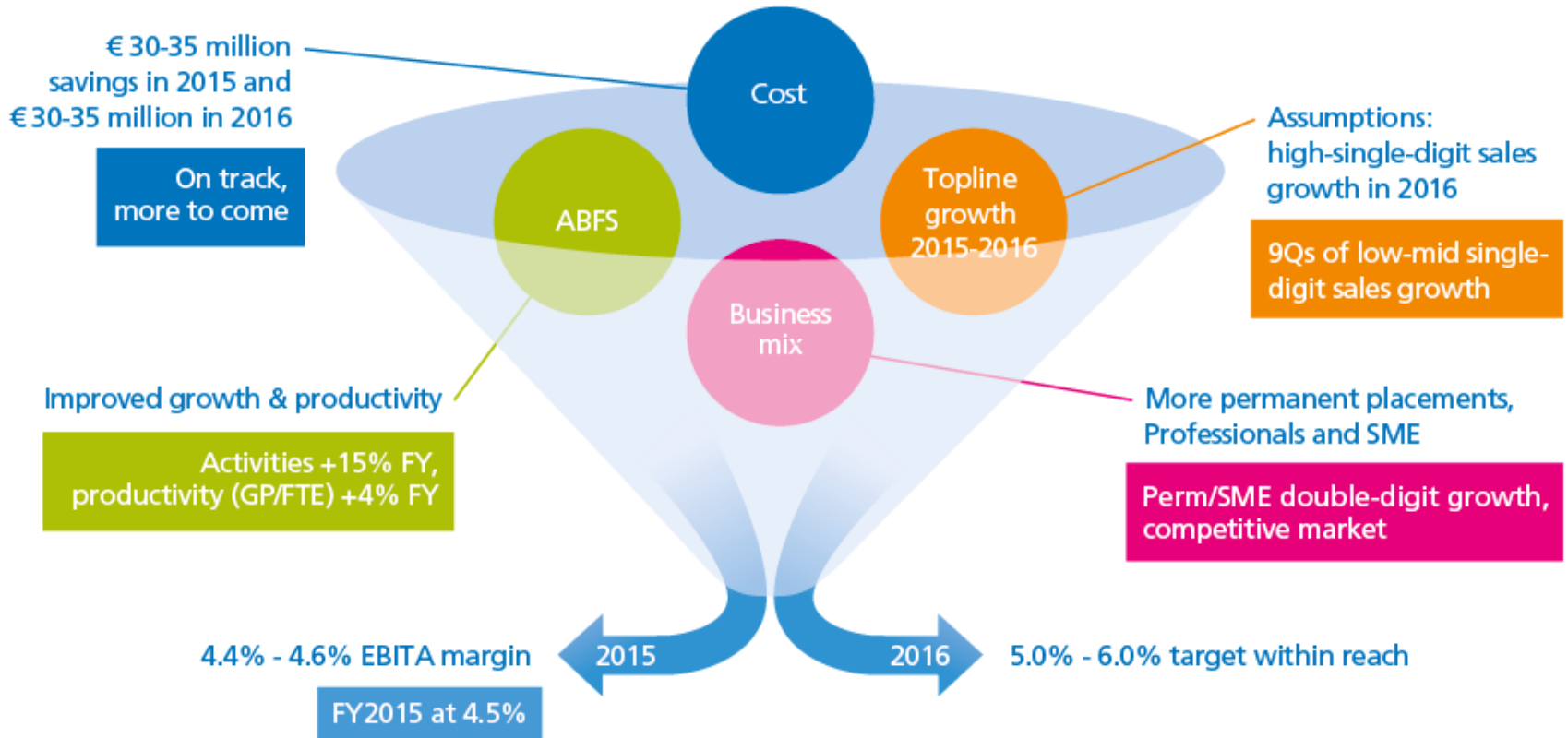
- Revenue: € 19.2 bn
- EBITA: € 862 M

### Leverage ratio at 0.2

- Bolt-on acquisitions
  - Proffice (Nov'15 offer)

# margin ambition

required scenario



# review 2015 financial results



# income statement 2015

€ million	FY '15	FY '14	% Org.
revenue	19,219	17,250	+6%
gross profit	3,595	3,180	+7%
<i>gross margin</i>	<i>18.7%</i>	<i>18.4%</i>	
operating expenses*	2,733	2,474	+4%
<i>opex margin</i>	<i>14.2%</i>	<i>14.3%</i>	
<b>EBITA*</b>	<b>862</b>	<b>706</b>	<b>+16%</b>
<i>EBITA margin*</i>	<i>4.5%</i>	<i>4.1%</i>	
integration costs & one-offs	30	45	
<b>reported EBITA</b>	<b>832</b>	<b>661</b>	
amortization & impairment	-/-127	-/- 145	
net finance costs & associates	-/- 22	-/- 31	
<b>income before taxes</b>	<b>682</b>	<b>485</b>	
tax	-/- 164	-/- 145	
net income	519	340	
<i>adjusted*** net income**</i>	<i>608</i>	<i>460</i>	
<i>diluted EPS***</i>	<i>3.32</i>	<i>2.54</i>	

\* Before integration costs and one-offs.

\*\* Attributable to holders of ordinary shares.

\*\*\* Before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.

March 31, 2016

Annual General Meeting of Shareholders 2016

# performance by revenue category

<b>Staffing</b> in € M	<b>FY 2015</b>	<b>FY 2014</b>	<b>*% organic</b>
revenue	11,186	10,203	6%
EBITA	515	421	17%
<i>EBITA margin</i>	<i>4.6%</i>	<i>4.1%</i>	

- focus on delivery models – central delivery
- FTE investments in growth markets

<b>Inhouse</b> in € M	<b>FY 2015</b>	<b>FY 2014</b>	<b>*% organic</b>
revenue	4,216	3,623	11%
EBITA	213	190	11%
<i>EBITA margin</i>	<i>5.0%</i>	<i>5.2%</i>	

- continued transfer of clients from Staffing to ensure right delivery model is offered
- good growth continues across our industrial and logistics clients

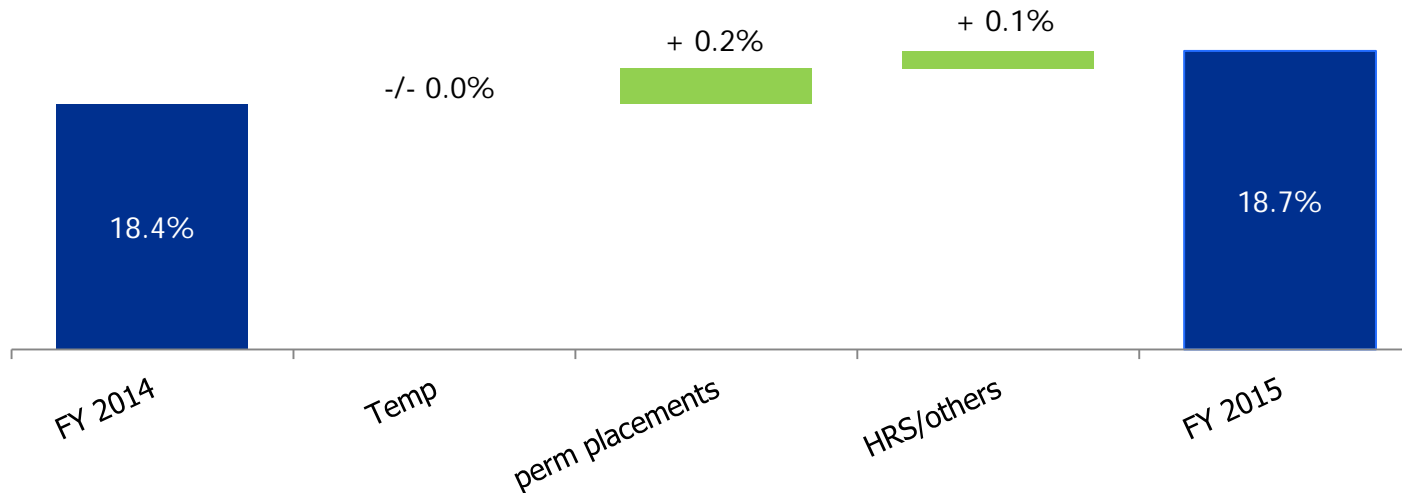
<b>Professionals</b> in € M	<b>FY 2015</b>	<b>FY 2014</b>	<b>*% organic</b>
revenue	3,816	3,425	3%
EBITA	196	156	15%
<i>EBITA margin</i>	<i>5.1%</i>	<i>4.6%</i>	

- US Professionals; IT vertical performing well
- strong profitable growth in Dutch Professionals
- Spain professionals continues to expand its presence

\* Organic change in revenue is per working day.

# gross margin bridge

## YoY gross margin development

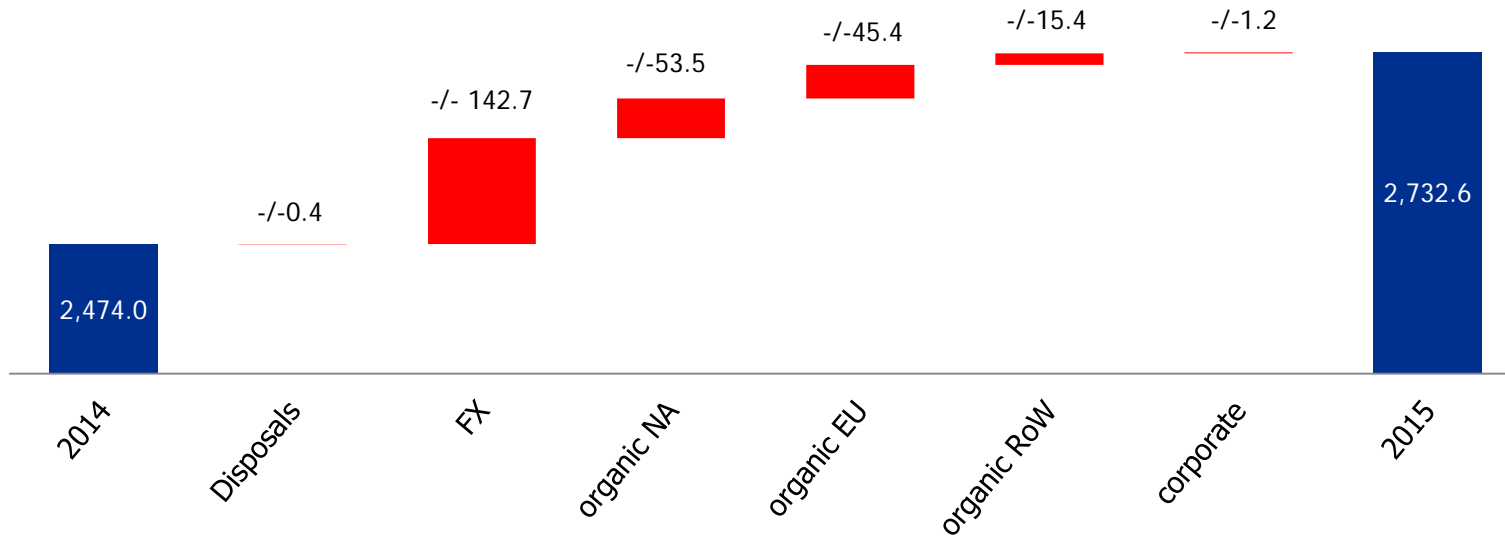


- temp margin stable, however price pressure evident in a number of markets
- continued focus on client profitability and client delivery

- perm fees were 10.6% of GP (up from 9.8% LY)  
- organic growth of 14% YoY

# operating expenses bridge

## YoY OPEX development in € M



- adverse FX impact...relative weakness of the Euro
- FTE growth in North American and European growth markets
- continued focus on cost control
- continued investment in emerging markets

# net debt down 59% YoY

leverage ratio at 0.2

€ million	December 31, 2015	December 31, 2014
goodwill and intangible assets	2,649	2,597
operating working capital	621	488
net tax assets	517	527
other assets and liabilities	248	123
<b>invested capital</b>	<b>4,035</b>	<b>3,735</b>
equity	3,862	3,313
net debt	173	422
<b>invested capital</b>	<b>4,035</b>	<b>3,735</b>
<i>DSO, Days Sales Outstanding **</i>	<i>50.7</i>	<i>51.7</i>
<i>working capital as % of revenue</i>	<i>3.2%</i>	<i>2.8%</i>
<i>leverage ratio</i>	<i>0.2</i>	<i>0.5</i>
<i>return on invested capital*</i>	<i>18.8%</i>	<i>15.8%</i>

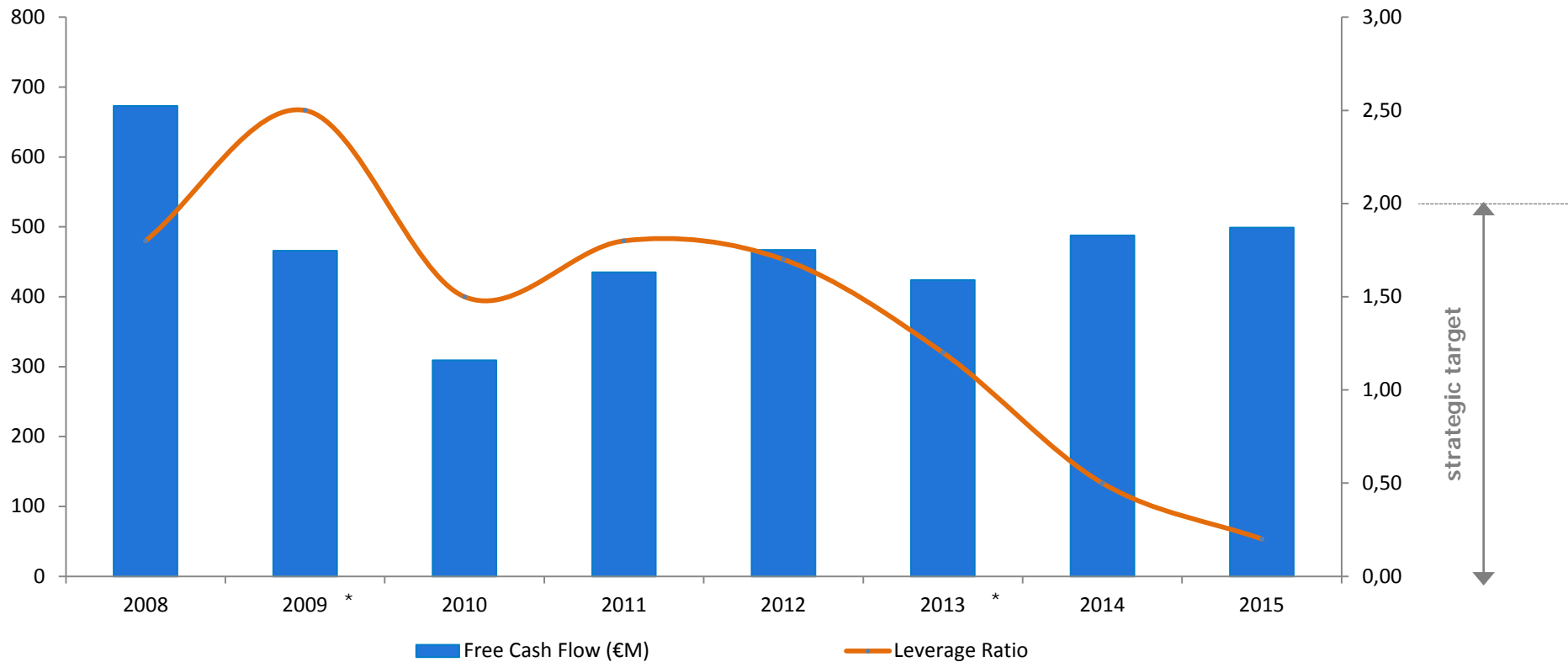
\* Based on underlying EBITA (last 12 months) less income taxes paid (last 12 months) as a percentage of invested capital.

\*\* DSO (Days Sales Outstanding) Moving average

# 2015 free cash flow up to € 499 M

€ million	FY '15	FY '14
EBITDA	897	726
change in OWC	-/- 122	9
income taxes	-/- 105	-/- 117
Provisions & employee benefit obl.	-/- 32	7
net additions in PPE and software	-/- 63	-/- 63
other items	-/- 71	-/- 67
financial receivables	-/- 4	-/- 7
<b>free cash flow</b>	<b>499</b>	<b>488</b>
net acquisitions/disposals/buyouts	-/- 84	-/- 6
net issue/purchase of ordinary shares	-/- 54	-/- 24
net finance costs paid	-/- 9	-/- 30
dividend paid	-/- 94	-/- 68
translation effects and other items	-/- 9	-/- 20
<b>net debt decrease</b>	<b>249</b>	<b>339</b>

# solid free cash flow & conservative leverage ratio



- free cash flow of € 499 M vs. € 488 M LY;
  - growth has led to an increase of working capital requirements
- leverage ratio improved to 0.2 (2014: 0.5)
  - net debt down to € 173 M vs. € 422 M last year

\* free cash flow adjusted for receipt and payment of a liability of € 131 million to the Dutch tax authority

# conservative financial policy

- target leverage ratio between 0 and 2, with max leverage ratio of 3.5x EBITDA
- floating rate policy as a natural hedge against the development in operational results, and benefit from yield
- financing in place for expected long-term needs
- using our balance sheet to finance organic growth and acquisitions



# dividend policy 2015

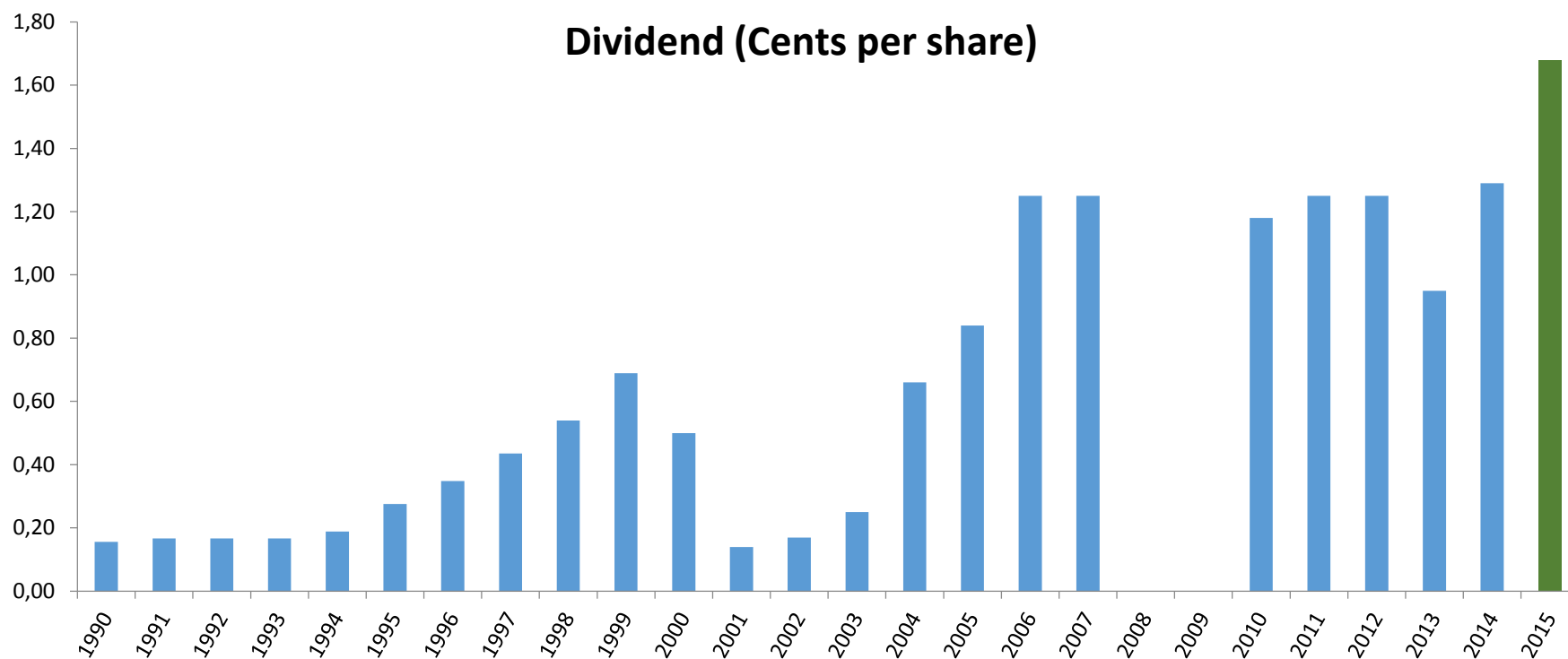
## dividend policy:

- policy in line with strategic targets
- payout range of 40-50% of adjusted EPS
- 40%, unless financial position allows for a higher payout-%
- cash dividend when financial position allows otherwise reverting to optional dividend:
  - leverage ratio < 2.0x: optional dividend
  - leverage ratio < 2.5x: optional dividend with premium on stock dividend
  - leverage ratio > 2.5x: stock dividend

# dividend proposal: a record high

proposed dividend payment over 2015

- **payment of € 1.68 per ordinary share (+30% YoY)**
- payout of 50% of adjusted net profit, reflecting strong financial position
- full cash dividend



# dividend process and timeline in 2016

- ☒ March 31, 2016: approval shareholders in AGM 2016
- ☒ April 4, 2016: ex-dividend date
- ☒ April 5, 2016: record date
- ☒ April 7, 2016: payment of cash dividend

# continuity agreement with founder Frits Goldschmeding strengthened

- ↯ continuity agreement signed with founder Frits Goldschmeding (Randstad Beheer)
- ↯ replaces previous agreement from 2007
- ↯ new agreement relates to the creation of a future-proof structure, independent on the life and involvement of individuals
- ↯ Randstad Beheer is committed to Randstad for the long-term
- ↯ right to one seat on Randstad's Supervisory Board, provided Randstad Beheer holds a stake in Randstad Holding of at least 25%

# sustainability

integral part of our strategy

progress 2015:

- **materiality analysis** conducted to validate and update our sustainability framework
  - internal review on **environmental reporting**: increase in coverage; global CO<sub>2</sub> footprint
  - returned to **Dow Jones Sustainability Index**
  - co-creation **European Pact for Youth**
  - **CSR Reputation** Randstad Netherlands improved from 11th to 6th place (largest shift top 10)
- Executive Board's **LTI 2015-2017 performance targets** relating to sustainability:
- Clients: Net Promoter Score (NPS)
  - Candidates: increased focus on health & safety; reduction of fatalities & injuries
  - Employees: proportion of females in senior management positions
  - Society: staffing penetration rates increased in top 8 markets
  - Basics: inclusion in Dow Jones Sustainability Index



**ROBECOSAM**  
Sustainability Award  
Gold Class 2016

# some specific questions

## ✎ **working conditions clients**

- standard procedure to check Health & Safety at clients
- part of Key Control Framework
- Randstad employees are trained in the Randstad core values, business principles and the misconduct reporting procedure

## ✎ **fair wage candidates**

- global HR services industry regulated by the International Labour Organization (ILO)  
⇒ defines minimum standards for staffing and recruitment

- Article 11 of ILO Convention 181:

adequate protection for the workers employed by private employment agencies must be ensured in relation to amongst others minimum wage,

which is considered one of the fundamental premises of decent work

# some specific questions

## ☞ continue to lead on integrated reporting

- value creation at the heart of our governance, performance and strategy
- enhancement of sustainability framework and reporting
- main risks included in annual report (strategic, operational, financial & reporting and compliance risks)
- clear financial statements to create better understanding

## ☞ improved transparency on tax policy

- global tax policy in place
- disclosure income tax by segment / key geography

## ☞ transparency on acquisitions

## 2. review 2015

Q & A



## 2. review 2015

2b. application of the remuneration policy in 2015:

- last update remuneration policy approved by the AGM in 2013
- remuneration 2015 in line with approved policy
- extensive remuneration report 2015 on corporate website

## 2. review 2015

2c. proposal to adopt the financial statements 2015

## 2. review 2015

2d. explanation of the policy on reserves and dividends

# dividend policy 2015

## dividend policy:

- policy in line with strategic targets
- payout range of 40-50% of adjusted EPS
- 40%, unless financial position allows for a higher payout-%
- cash dividend if financial position allows otherwise reverting to optional dividend:
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## proposed dividend payment over 2015

- **payment of € 1.68 per ordinary share (+30%)**
- payout of 50% of adjusted net profit, reflecting strong financial position
- cash dividend

## 2. review 2015

2e. proposal to determine the dividend over the financial year 2015

- ↪ Dividend on ordinary shares: € 1.68 per share
  - cash dividend
  
- ↪ Dividend on preference shares B and C: € 12.6M

# dividend process and timeline in 2016

- ☞ March 31, 2016: approval shareholders in AGM 2016
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# 3. discharge of liability

3a. discharge of liability of the members of the executive board for the management



## 3. discharge of liability

3b. discharge of liability of the members of the supervisory board for the supervision of the management

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## 4. composition executive board

### 4a. Proposal to reappoint Linda Galipeau as member of the executive board

- Canadian national
- joined Randstad in 1995
- member of the executive board since 2012
- reappointment for a period of 4 years (2019)
- responsible for operations in North America and United Kingdom, in addition to Professionals concept strategy and innovation.

## 4. composition executive board

### 4b. Proposal to appoint François Béharel as member of the executive board

- French national
- joined Randstad following acquisition of Vedior
- member of the executive board since 2013
- reappointment for a period of 4 years (2019)
- responsible France, Spain, Belgium & Luxembourg, Portugal, Brazil, Argentina, Mexico, Chile and Uruguay. In addition to Inhouse concept strategy.

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## 5. composition supervisory board

### 5a. Proposal to appoint Henri Giscard d'Estaing as member of the supervisory board

- French national
- member of supervisory board since 2008 following acquisition of Vedior
- reappointment for a period of 4 years
- member of strategy committee

## 5. composition supervisory board

### 5b. Proposal to appoint Wout Dekker as member of the supervisory board

- Dutch national
- member of supervisory board since 2012
- reappointment for a period of 4 years
- chairman of the supervisory board, member of the Audit Committee, chair (nomination) of the Remuneration & Nomination Committee

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## 6. shares

- 6a. proposal to extend the authority of the executive board to issue shares
- valid for a period of 18 months (September 30, 2017)
  - approval by the supervisory board
  - yearly allocation of performance shares and options not more than 1%
  - yearly maximum authorization of 3% of the issued capital
  - on average over last 5 years: 0.3% issued shares
  - anti-dilution preference shares

## 6. shares

- 6b. proposal to extend the authority of the executive board to restrict or exclude the pre-emptive right to any issue of shares
- valid for a period of 18 months (September 30, 2017)
  - approval by the supervisory board
  - yearly maximum authorization of 3% of the issued capital

## 6. shares

### 6c. proposal to extend the authority of the executive board to repurchase ordinary shares

- repurchase ordinary shares up to a maximum of 10% of the issued share capital of ordinary shares.
- valid for a period of 18 months (September 30, 2017)
- ordinary shares may be acquired for a price between the nominal value and 110% of the stock market rate

# anti-dilution measures – performance share plans

## *purchasing shares to offset dilution*

- ✔ performance share plans available for senior management
- ✔ executive board has authorization to issue shares up to 3% of issued capital
- ✔ dilution of existing shareholders
  - ✔ anti-dilution clause on preference shares

## **events in 2015/2016**

- ✔ Between October 29<sup>th</sup>, 2015 and February 17<sup>th</sup> 2016, we repurchased 920,000 shares to cover performance share plans relating to PSP 2013
- ✔ intention to purchase shares in 2016/2017 to cover allocation PSP 2014 from October 2016 to February 2017

## **criteria for repurchasing shares for performance share plans**

- ✔ intention to buy back shares if size of issue is < € 25M
- ✔ if size exceeds € 25M, leverage ratio will be indicative for decision to buy back
- ✔ leverage ratio should remain between 0 and 2

# anti-dilution measures – stock dividend

## *repurchasing shares to offset dilution*

- ✎ stock dividend will lead to dilution for shareholders
- ✎ intention to repurchase shares over time to offset dilution if financial position allows for it
- ✎ financial position: a leverage ratio in between 0 and 2

## **proposal to extend authority for executive board to purchase shares up to 10% of the issued share capital of ordinary shares to cover dilution from stock dividend, performance share plans and option plans**

- ✎ mandate applicable for a period of 18 months (until September 30, 2017)
- ✎ purchase of shares for the purpose of performance share plans and option plans will continue based on set criteria
- ✎ intention to repurchase shares to offset dilution from stock dividend over time

# 6. shares

## 6d. proposal to cancel repurchased ordinary shares

- cancel ordinary shares up to a maximum of 10% of the issued share capital of ordinary shares.
- valid for a period of 18 months (September 30, 2017)
- date(s) for cancellation to be determined by the executive board taking into account a mandatory 2-month opposition period for creditors
- only ordinary shares held by the company may be cancelled

# agenda

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- 8. external auditor
- 9. any other business
- 10. closing

# 7. other corporate affairs

## 7. Proposal to reappoint Sjoerd van Keulen as board member of Stichting Administratiekantoor Preferente Aandelen Randstad Holding

- Dutch national
- member of the board of the Foundation since 2012
- reappointment for a period of 4 years
- fully independent of Randstad



# agenda

- 1. opening
- 2. review 2015
- 3. discharge of liability
- 4. composition executive board
- 5. composition supervisory board
- 6. shares
- 7. other corporate affairs
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## 8. external auditor

### 8. Proposal to reappoint Deloitte Accountants BV as external auditor for the financial year 2017

- initial appointment at the AGM in 2014 for the 2015 financial year
- 2015 first year of acting as external audit

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